

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ISO-00 CEA-01 CIAE-00 DODE-00 FRB-03
H-01 INR-10 INT-05 L-03 LAB-04 NSAE-00 NSC-05
PA-01 CTME-00 AID-05 SS-15 STR-07 ITC-01 TRSE-00
ICA-11 SP-02 SOE-02 OMB-01 DOE-15 IO-13 EA-10
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FM AMEMBASSY LAGOS
TO SECSTATE WASHDC 9965
INFO USMTN DEL GENEVA
USDOC WASHDC
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AMCONSUL KADUNA

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E.O. 11652: N/A
TAGS: ETRD, NI
SUBJECT: NIGERIAN IMPORT RESTRICTIONS - U.S. TRADE CONCERNS

REF: (A) STATE 162336, (B) GENEVA 9281, (C) LAGOS 8655

1. SUMMARY. IN AUGUST 7 MEETING, CHARGE ACCOMPANIED
BY ECONOFF PRESENTED USG VIEWS ON NIGERIAN TRADE
RESTRICTIONS PER INSTRUCTIONS REFTEL. CHARGE LEFT
BEHIND AN AIDE MEMOIRE, COPY OF WHICH BEING POUCHED
TO AF/W: KOTT. THE PERMSEC OF THE TRADE MINISTRY,
ALHAJI AMINU SALEH, TOOK THE LINE THAT THE NEW IMPORT
RESTRICTIONS (APRIL 1) WERE NECESSARY IN ORDER TO
CONSERVE FOREIGN EXCHANGE AND ENCOURAGE DOMESTIC
PRODUCTION. HE HELD OUT NO HOPE THAT THE FMG WILL
SOON LOWER THESE RESTRICTIONS. THE PERMSEC CONTENTED
AT FIRST THAT NIGERIA DID NOT NEED TO NOTIFY
GATT IN ANY SPECIAL WAY OF THE NEW IMPORT RESTRICTIONS,
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BUT HE FINALLY AGREED TO LOOK INTO THE MATTER.
END SUMMARY.

2. AFTER LISTENING TO THE CHARGE'S OPENING REMARKS,
SALEH CITED AUTOMOBILES, FRUITS AND VEGETABLES AS
EXAMPLES OF INFANT INDUSTRIES. IN THE FORMER CASE,
TWO LOCAL ASSEMBLY PLANTS WOULD NOT BE ABLE TO

COMPETE WITH THE PRICE OF IMPORTED CARS IN THE ABSENCE OF HIGH TARIFFS. SALEH DEFENDED THE FORM OF THE RESTRICTIONS BY SAYING THAT, UNDER GATT, GOVERNMENTS ARE ALLOWED TO CHOOSE WHETHER TO TAX ON THE BASIS OF ENGINE CAPACITY OR VALUE. SINCE 1961, NIGERIA HAS TAXED ON THE BASIS OF ENGINE CAPACITY DESPITE THE SLIGHTLY DISCRIMINATORY EFFECTS ON US CARS WHICH HAVE LARGER ENGINE CAPACITIES. HE ASSURED US THAT THE BAN ON IMPORTS OF FRUITS AND VEGETABLES WOULD REMAIN IN EFFECT. SINCE THE BAN, DOMESTIC PRODUCTION OF THESE ITEMS, PARTICULARLY IN THE JOS AREA, HAS GROWN RAPIDLY.

3. THE PERMSEC SAID THAT THE DECISION TO AWARD AN IMPORT LICENSE FOR ANY COMMODITY WAS DEPENDENT UPON THE ALLOCATION FOR THIS COMMODITY UNDER THE FOREIGN EXCHANGE BUDGET ANNOUNCED ON APRIL 1, 1978. THE PERMSEC DEFENDED THIS PRACTICE AS BEING QUOTE DONE BY CENTRAL BANKS ALL OVER THE WORLD UNQUOTE. ON A POSITIVE NOTE, HE STATED THAT THE NIGERIAN GOVERNMENT IS ATTEMPTING TO ENCOURAGE ITS BUSINESSMEN TO IMPORT MORE FROM THE US RATHER THAN TRADITIONAL SUPPLIERS IN THE UK. HE ALSO EXPRESSED OPTIMISM THAT A SECOND PRIORITY BERTH WOULD BE GRANTED FOR THE AMERICAN WEST AFRICAN CONFERENCE LINE.

4. PER RBFTELS B AND C, CHARGE USED THE OCCASION TO LIMITED OFFICIAL USE

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REMINDE MINISTRY OF TRADE OFFICIALS OF NIGERIAS OBLIGATIONS IN GATT AND MULTILATERAL TRADE NEGOTIATIONS (MTN). PERSEC CONTENTENDEBMTHAT NIGERIA HAD FULFILLED ITS OBLIGATION TO NOTIFY GATT OF THE NEW IMPORT RESTRICTIONS WHEN IT SUPPLIED A COPY OF THE APRIL 1ST OFFICIAL GAZETTE TO OFFICIALS IN GENEVA. WHEN CHARGE REMINDED HIM THAT NIGERIA MUST ALSO JUSTIFY ITS INCREASES, PERMSEC SAID HE WOULD LOOK INTO THE MATTER. PERMSEC ALSO STATED THAT NIGERIA COULD NOT GIVE CONCESSIONS IN AREA OF AIR-CONDITIONERS BTN 84/12 OR PAPER PRODUCTS BTN 48.01 AT MTN, AS IMPORT RESTRICTIONS IN THESE FIELDS HELP TO PROTECT DOMESTIC MANUFACTURE.

5. SUBJECT OF MEAT AND POULTRY WAS DEALT WITH EXTENSIVELY. ESSENTIALLY, FROZEN MEAT CAN BE IMPORTED FROM ANY COUNTRY IN THE WORLD. HOWEVER, ONLY THE NIGERIAN LIVESTOCK AND MEAT AUTHORITY CAN FUNCTION AS AN IMPORTER. THE AMOUNT THEY BRING IN IS DEPENDENT UPON THE DIFFERENCE BETWEEN ESTIMATED DEMAND AND THE QUANTITY OF LOCAL PRODUCTION. ALL MEAT IMPORTED SINCE APRIL 1 HAS BEEN BASED ON OUTSTANDING ORDERS, AND, AS SUCH,

IS NOT AFFECTED BY THE IMPORT DECREE. THE PERMSEC MENTIONED AUSTRALIA AND BRAZIL AS TWO COUNTRIES WITH WHICH NIGERIA HAD HAD OUTSTANDING ORDERS. POULTRY IMPORTS ARE ALSO DETERMINED BY THE MEAT AND LIVESTOCK AUTHORITY. MIN TRADE OFFICIALS ASSURED US THAT CONTRACT AWARDS FOR FROZEN MEAT AND POULTRY WILL BE BASED UPON QUALITY AND PRICE. THERE WILL BE NO DISCRIMINATION BASED UPON COUNTRY OF ORIGIN AMONG THE APPLICATIONS MADE TO THE LIVESTOCK AND MEAT AUTHORITY. FOR CHILLED MEAT, ONLY COUNTRIES WHICH ABUTT ON NIGERIA, WITH THE EXCEPTION OF UPPER VOLTA, CAN FUNCTION AS SUPPLIERS.

6. COMMENT: THE UNYIELDING POSITION TAKEN BY THE PERM SEC IS CONSISTENT WITH THE FMG CONCEPT OF DEVELOP-LIMITED OFFICIAL USE

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MENT AS REPORTED IN 77 LAGOS 13720 AND ECONOMIC TRENDS REPORT 78-065. EMBASSY WONDERS IF RESPONSIBILITY FOR PRESSING THE FMG TO REPORT THE NEW RESTRICTIONS TO GATT CAN BE SHARED WITH OTHER GOVERNMENTS OR ASSUMED BY THE CONTRACTING PARTIES THEMSELVES, SINCE WE SUSPECT THAT THE FMG WILL NOT REPORT UNTIL CONSIDERABLE PRESSURE IS APPLIED.

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